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Central Intelligence Agency
Office of the Deputy Director for Intelligence

28 NOV 1986

NOTE TO: Director of Central Intelligence

SUBJECT: OGI Paper on Arctic Petroleum Development

Per your request of 21 October, attached for your signature are letters to Secretaries Shultz, Weinberger, Herrington, and Baldrige. These letters are intended to point out the policy issues that have to be resolved as the Soviets move to develop their Arctic petroleum resources.

A handwritten signature in dark ink, appearing to read "Dick K".

Richard J. Kerr
Deputy Director for Intelligence

Attachments:
As stated

DDI- 05375-86

Original letters were sent to the following:

The Honorable George P. Shultz
The Secretary of State

The Honorable Casper W. Weinberger
The Secretary of Defense

The Honorable John S. Herrington
The Secretary of Energy

The Honorable Malcolm Baldrige
The Secretary of Commerce

Central Intelligence Agency



Washington, D.C. 20505

The Honorable George P. Shultz
The Secretary of State
Washington, D.C. 20520

Dear George:

We have recently completed a study on Arctic petroleum development that looks at Moscow's need for Western equipment to develop extensive Arctic oil potential.

Put simply, the Soviets will need Western help and equipment to exploit any major offshore oil finds in this century. In fact, this may be critical for the Soviets if they are to avoid a serious oil export decline in the next decade. The availability of this technology from a number of Western countries, including Japan, could make it relatively easy for the Soviets to get the help they need. This puts a premium on devising a Western strategy for dealing with the USSR on this issue. Although agreement on such a strategy would be very difficult to obtain, without it the Soviets will be able to play one supplier against another. One aspect of this strategy may be to encourage maximum exploration and development of Western-controlled Arctic areas, giving equipment suppliers and technicians a more acceptable market for their expertise.

Yours,

William J. Casey
Director of Central Intelligence

Enclosure:
Arctic Petroleum Paper

[Redacted]

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OGI/SRD/SFB [Redacted] (26 Nov 86)

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